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TAGS: PREL EFIN SENV PGOV ECON PINR BE
SUBJECT: TOUR D'HORIZON WITH BELGIUM'S PRIME MINISTER

Classified By: CDA Wayne Bush, Reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: Belgian Prime Minister Herman Van Rompuy told Charge May 5 that he was very impressed by President Obama during their recent contacts in Strasbourg and Prague, especially the President's active role at the NATO summit in forging unanimity on the selection of a new NATO Secretary General. Van Rompuy said he would soon visit Afghanistan where he would review Belgian efforts and hoped to meet Karzai. On Guantanamo detainees, Van Rompuy said Belgium is waiting for specific requests. On Africa, Van Rompuy said that Belgium's diplomatic relations with the Congo (DRC) had been repaired, but the economic crisis is hitting the DRC hard, and China's importance is increasing. Van Rompuy strongly supported coordinated efforts on the economic crisis, but was frustrated that coordination had been primarily via the G-20 of which Belgium is not a part. Economic recovery tops Van Rompuy's agenda. Belgium will undertake no further economic stimulus, but another Belgian bank will require additional support in the near future, Van Rompuy said. He also emphasized Belgium's desire for membership in the Financial Stability Forum. On climate change, Van Rompuy said that Europe is good at setting goals but not at meeting them. Van Rompuy said that all but one party in the current governing coalition is prepared to overturn an earlier government's decision to close all of Belgium's nuclear power plants, and he hoped action to retain the plants could be accomplished in the second half of 2009. Van Rompuy does not expect the June regional elections in Belgium to cause a change in the federal government coalition, and hopes that possible "asymmetry" between the federal and regional governing coalitions after the elections will be manageable. END SUMMARY.

AFGHANISTAN - LEBANON

¶2. (C) Belgian Prime Minister Herman Van Rompuy, appointed at the very end of 2008 after the resignation of his predecessor over controversy related to the sale of Fortis Bank, met with the Charge and Pol/Econ Counselor May 7. The PM's diplomatic advisor, Dirk Wouters, also was present. Van Rompuy said he had just returned from Lebanon where he reviewed Belgium's contingent in UNIFIL (Belgium has just taken command of UNIFIL's naval arm). He will travel to Afghanistan in early June where he will review Belgian activities and hopes to meet with President Karzai. The Charge expressed appreciation for Belgium's decisions to

expand its military and development assistance to Afghanistan. He noted that President Obama was meeting that day with the leaders of both Pakistan and Afghanistan, underscoring the importance of addressing the region in its entirety. He said that the Embassy would continue to consult closely with appropriate Belgian ministries as they move forward with consideration of how best to implement the decision to double development assistance to Afghanistan and to examine the possibility of providing police trainers. Van Rompuy said that he had recently met with British Prime Minister Gordon Brown who had also emphasized the critical importance of Pakistan to what is happening in Afghanistan.

RELATIONS WITH THE U.S.

¶13. (C) Van Rompuy expressed strong satisfaction with relations with the U.S., and the high level of consultation between U.S. and Belgian officials. Van Rompuy said he had met President Obama at the recent summits in Strasbourg and Prague. He described the President as "very impressive in style and substance." Van Rompuy praised President Obama's role in obtaining consensus on the appointment of the new NATO Secretary General and said President Obama's intervention had been critical. Van Rompuy was particularly impressed by President Obama's willingness to listen to other points of view. He described President Obama as "very European" in his approach and with respect to views on a range of issues. The Charge replied that the President and other senior members of his team understand the importance of the Trans-Atlantic relationship and the need for the U.S. to work with Europe on the full range of challenges before us.

VIEWS ON AFRICA

¶14. (C) The Charge referred to recent consultations between the U.S. and Belgium on Africa, including the discussion between the Secretary and FM De Gucht, and subsequent consultations between diplomatic and military counterparts. The U.S. valued these discussions, which would help pave the way for further consultation when the new Administration's senior leadership on Africa is in place. Van Rompuy appreciated the ongoing dialogue on Africa. He noted that Belgium had repaired its diplomatic relations with the Congo (DRC) in January. However, the government there still has many problems. The eastern part of the country remains very unstable and the global financial crisis is hitting the region particularly hard. He added that the role of China has become very important there. He looked forward to continued consultation with the U.S.

GUANTANAMO DETAINEES

¶15. (C) The Charge noted recent exchanges between U.S. and Belgian officials on the issue of Guantanamo detainees. The Charge said that the President had committed to closing the Guantanamo detention center by the end of the year; we needed the help of our allies to make this happen. The U.S. expected to have to continue to deal with the most difficult cases, but hoped that allies would consider accepting at a minimum those whose detention is no longer required. He said an intensive review process is currently underway in the U.S., and expressed the hope that when the U.S. comes forward with specific requests for Belgium, the PM would consider such requests favorably. We have discussed with the EU a framework within which this could happen. The PM acknowledged the consultations that have occurred, including with his diplomatic advisor. He said that Belgium is ready to review specific requests from the U.S. on this matter.

CLIMATE CHANGE

¶6. (C) On the issue of climate change, the Charge noted that the U.S. is working vigorously with others to prepare for a successful outcome to the year-end climate change conference in Copenhagen. He emphasized the importance of arriving at a new treaty that could be ratified by the U.S. Senate. He underlined the U.S. focus on defining a pathway for achieving the CO₂ reductions needed by 2050, and not only the targets for 2020. Van Rompuy replied that Europe is always strong in setting goals but not in accomplishing them.

The Charge said that on the issue of climate change, the implementation of any agreement is critical. The PM noted that Belgium still faces the issue of nuclear energy, an issue that is very important both for public opinion and for policy makers. The government needs to decide whether to overturn a previous government's decision to close all the country's nuclear power plants by 2015. Two/thirds of public opinion supports retaining nuclear power, the PM said, but the remaining third opposing nuclear power is very vocal. Van Rompuy said that five of the six parties in the federal government coalition are prepared to overturn the law and retain nuclear power; he hoped to be able to accomplish that in the second half of 2009.

ECONOMIC RECOVERY IS NUMBER ONE

¶7. (C) For Van Rompuy, economic recovery is the greatest challenge. He regretted that Belgium is not part of the G-20, despite having one of the 20 largest economies. He said that Belgium is also a large relative contributor to the IMF, and just provided five billion more euros to the IMF's new lending facilities. In addition, Belgium leads an IMF constituency representing 150 million people, from Kazakhstan, Turkey and others. Belgium supports the need for reform of the IMF but does not intend to ask for new privileges for Belgium. Van Rompuy is also very interested in having Belgium join the Financial Stability Forum and he said Britain's Gordon Brown is supportive.

¶8. (C) Van Rompuy said the most important step now is implementation of the recommendations of the G-20 and of the European Union for fighting the crisis, which has caused the biggest recession since the 1930's. He believed Germany's GDP is likely to decline by 6 percent this year, while Belgium's economic contraction should fall in the middle range of eurozone countries.

¶9. (C) Van Rompuy described the sale of Belgium's flagship bank Fortis to France's BNP Paribas as a difficult decision. This now makes the government of Belgium the largest single shareholder in BNP. Fortunately, the worst of the liquidity crisis is over, but two of Belgium's other top banks still have solvency issues and one of them will need further attention. Van Rompuy predicted that unemployment in Belgium would rise a further 2.2% this year.

¶10. (C) Regarding next steps on the economy, Van Rompuy said the government planned to provide no further fiscal stimulus in 2009, having already injected the equivalent of 0.9% of GDP. Seeking to return to a balanced budget regime remains a major constraint. The public is already expecting taxes to go up and government spending to be cut. A proposal for further fiscal stimulus would not be popular, mainly because of Belgium's history of very high debt levels. Belgians are as afraid of public deficits as the Germans are of inflation, Van Rompuy asserted. For this reason, there would be no further fiscal stimulus this year. As for the two remaining weak banks in Belgium, the government does not intend to recapitalize them, only to give them state guarantees. One of the two will need that support next week.

¶11. (C) The Charge appreciated Belgium's support for coordinated international action to support financial institutions and stimulate economic activity. He underscored U.S. concern for free trade and the need to resist temptation toward protectionism. The Charge said that the U.S. greatly

valued its partnership with Belgium in international fora, including Belgium's service on the UN Security Council through the end of 2009, and its chairmanship of the Iran Sanctions Committee. He said that the U.S. looked forward to working with Belgium on the UN Human Rights Commission, and promised to convey to Washington Belgium's interest in joining the Financial Stability Forum.

BELGIUM'S ELECTIONS

¶12. (C) Van Rompuy did not expect the June regional and European elections to have as much of an impact as some observers expect. The financial crisis has pushed into the background the divisive issues between the Flemish and francophones. If any party in the regional elections loses votes in this election, it will be because of the financial crisis. Van Rompuy (a Flemish Christian Democrat) hopes for a modest but "good result." He is more optimistic today than he was several months ago. However, the prognosis for Wallonia is less certain.

¶13. (C) Van Rompuy hopes the regional elections will return the same coalitions as the federal government coalition. Otherwise, the resulting "asymmetry" could be a problem. The best solution for Belgian politics is symmetry, i.e., the same parties represented in government at both the regional and federal levels. What will happen, of course, depends on the June 7 vote tallies. The francophone green party, Ecolo, is surging, said Van Rompuy, only because it is the only opposition party in the south, since all other parties are in the coalition governing Wallonia. Ecolo is the sole beneficiary of the protest vote. Flanders, on the other hand, has five opposition parties, so there is more choice for those wanting to vote against the governing coalition there.

¶14. (C) Van Rompuy said that the proposed state reforms will require simultaneous elections at the federal and regional levels. That cannot happen now because of the on-going dispute over the complex redistricting issue of Brussels-Halle-Vilvoorde (NOTE: BHV, where francophone voters in Flemish districts want to continue being able to vote for francophone candidates outside of Flanders. END NOTE). In referring to the next federal elections, currently slated for 2011, Van Rompuy casually added that he planned to run.

COMMENT

¶15. (C) Prime Minister Van Rompuy clearly welcomes the new Obama administration and believes the two governments share similar goals in many areas. He is eager to work with the U.S., within the constraints of Belgium's EU membership, on the full range of issues, including Afghanistan/Pakistan. He is also willing to help with Guantanamo detainees, depending on who the U.S. asks Belgium to take. His main focus continues to be reducing the impact on Belgium of the global financial crisis and strengthening Belgium's banking sector, partly because that sector's weakness helped bring down his predecessor. He is keenly interested in the June regional elections but intends to stay above the fray since he sits at the federal level. Indeed, he made this clear by indicating that he intends to travel to Afghanistan during the week of the elections themselves.

¶16. (C) Van Rompuy speaks excellent English. As an economist, he is clearly very much at ease discussing economic issues and economic policy. He was personable and fully confident discussing every topic raised. So far, he has made none of the missteps and public flubs of his predecessor. Low key and conciliatory, he has been able to lower the volume on the intense debates on the future structure of Belgium's political system, with help from the distracting financial crisis and pending regional elections.

Once the June election dust settles, however, Van Rompuy is likely to have his political skills tested.

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